

Productivity up, Unemployment down

Slight improvement in unemployment as companies push employees to work harder

[Fadhel Kaboub](#) Nov . 10 . 2003

The Bureau of Labor Statistics (BLS) released new statistics this week showing an increase in productivity for the 3rd quarter of 2003, and a decrease in unemployment in Oct. 2003.

The BLS reported that the preliminary seasonally-adjusted annual rates of productivity growth in the third quarter were 7.4% in the business sector and 8.1% in the nonfarm business sector.

The BLS also reported that unemployment rate in Oct. 2003 fell to 6.0% in October.

Treasury Secretary John Snow said that the new BLS figures are "encouraging," but added that "we must do more, as job creation has yet to take hold to the extent that it must for every person who wants a job to find one."

The recession officially ended in November 2001, but the U.S. economy continued to suffer for almost 2 years before any encouraging signs appeared on the BLS radar screen.

"The productivity numbers reported by the BLS do not take into account the effect of changes in the rate of utilization," said Bill Williams, Visiting Professor of Economics at UMKC. He explained that a properly defined productivity measure ought not to shift as changes in output take place.

"There are also changes that take place due to a selective sifting of workers during the business cycle. During a down turn the least productive workers are let go, and during an upturn, more productive workers are hired first." said Dr. Williams. "So, the real input in terms of the quality of the labor force employed will change as a result of business fluctuations."

The BLS reported unemployment rates of 11.5% for African Americans, 7.2% for Hispanics or Latinos, 6.1% for Asians, and 5.1% for Whites (not seasonally adjusted).

Unemployment rate for adult men was 5.6% and 5.2% for adult women, whereas 17.1% of teenagers were unemployed in October.

"2 million unemployed persons had been looking for work for 27 weeks or longer," reported the BLS, about the same level as in September. They represented 23% of the total unemployed.

The BLS estimated that 1.6 million persons were marginally attached to the labor force, therefore were not included in the unemployment rate, 170,000 more than a year earlier.

These individuals, the BLS said, "wanted and were available to work and had looked for a job sometime in the prior 12 months. They were not counted as unemployed, however, because they did not actively search for work in the 4 weeks preceding the survey."

Of the 1.6 million marginally attached to the labor force, the BLS estimated that 462,000 were discouraged workers, 103,000 more than in October 2002.

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